



Don't Cut This Until You Do Your ROI!

By Susan Saldibar

If you are considering cutting events due to lack of ROI, you are doing something wrong.

That “something wrong”, according to Valerie Whitman, VP of Senior Living for LeadingResponse (a Senior Housing Forum partner) is all the time, effort and overhead being taken to plan, promote, prepare and host on-site.

And you are setting your community up for failure from the start.

The events aren't the culprits. It's how (and where) you execute them.

“The problem is that, by doggedly insisting on holding events on-site to ‘save money’ communities are setting themselves up for a low return from the start,” Valerie says. “Why is that? Because on-site events get fewer, lower quality leads. The strong returns are coming from off-site events,” she adds. And she has numbers to prove it. Off-site educational events are averaging 100 or more attendees, with an average ROI of 15:1, according to her research. “I doubt anyone would scrap an events program with that return,” Valerie says.

Okay, but assuming they get scrapped anyway, what are communities doing with the dollars they save? According to Valerie, most continue to turn to what seems the “safe” move: Put a portion of the money into more digital marketing efforts, and the rest of the money into referral sites, where they will share (or fight over) the same leads with 4-6 other communities. What's wrong with that?

“The biggest mistake a community can make is to scrap their events and put all their money into digital marketing efforts and aggregator sites,” Valerie tells me. That isn't to say digital marketing doesn't have value, because it does. And this isn't about bashing referral sites as Valerie is quick to point out. “I'm not out to badmouth aggregators that run referral sites,” she says. “But I have spoken with communities who made the decision to stop paying referral sites and, instead, spend about one third of those savings to host off-site educational events. And they are reporting very strong returns,” she says.

What is a good return, these days, anyway?

This chart says it all. You could be getting an average 15:1 ROI!

I asked Valerie if I could post a sample chart they created that shows the direct mail response rates and other pretty compelling numbers that make the case for doing more, not less, with event marketing. The key is doing it in an environment where the psychological barriers are lower for the prospects and it is educational, not a sales pitch. Here is the chart:

DIRECT MAIL RESPONSE RATES	2.00%
NEAR-TERM DECISION MAKERS (60%)	90
PERSONAL TOURS FROM SEMINAR (40%)	36
MOVE-INS (25%)	9
COST PER LEAD	\$121
COST PER TOUR	\$302
COST PER MOVE-IN	\$1,208
AVERAGE LIFETIME VALUE*	\$712,800
GROSS MARGIN (25%)	\$178,200
RETURN ON INVESTMENT	15:1

**Assuming \$3,600/mo for 22 months*

Valerie made some comments on this chart which bear mentioning.

- We're seeing an average 2.3% response rate on our very targeted direct mail programs inviting prospects to a local educational dinner event. Anything between 1-3% of a return in direct mail is considered successful.
- Looking at Cost per Lead, compare those numbers to what you are paying referral site aggregators like A Place For Mom or Caring.com. Clients tell us that they pay close to \$400 per lead, versus the average \$121 per lead to do an off-site event. And the leads are exclusively yours to keep working, you're not sharing them with 6 or 7 other communities, nor are they owned by the aggregator for upwards of 2 years.
- Same thing with Cost per Tour. How does an average of \$302 compare with what your company averages?
- The Cost per Move-In. Finally, what really matters is what you are paying to get a resident to convert to a move-in. On average it's \$1,208 for these off-site educational events, which is roughly one third of what clients tell us they pay when using an aggregator.

Take your money out of unsuccessful campaigns. Put them where you can see results.

Why do operators continue to rely so heavily on listing with referral sites? "Many feel they have no choice," says Valerie. "So, they shrug their shoulders and accept the high cost per acquisition. But, when they get a move-in they find themselves shelling out 88% of first month's rent/services to the aggregator. Our job is to show them that doing off-site events could get them three move-ins for that \$3,300 instead of one!"

I asked Valerie about communities who have already stopped doing events and have little to no budget for them. Valerie suggests they take dollars out of those campaigns that are clearly not producing a strong ROI (maybe referral sites?) and re-allocate those dollars into doing a couple off-site events. "In the referral site model, an average of 4-6 communities will get the same lead," she tells me. "That means angry prospects are getting 4-6 calls from different communities. Why not take a fresh approach by offering your prospects a meal at a popular restaurant and some solid information they can use?" It allows the community team to not only educate these prospects but build a relationship with them as well. They are then much more likely to take that next step to come onsite and tour or meet with you one on one to discuss their specific situation, needs, and wants.

And there's that ROI of 15:1. What do you think? Maybe time to reconsider your event strategy?



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